



Rules and Ancillary Document Review Checklist
(This form must be filled out electronically.)

All responses should be in **bold** format.

Document Reviewed (include title): **WAC 458-20-19301 Multiple Activities tax credits.**

Date last adopted: **November 6, 1987**

Reviewer: **Sally Giza**

Date review completed: **June 14, 2000**

Is this document being reviewed at this time because of a taxpayer or business association request? (If "YES", provide the name of the taxpayer/business association and a brief explanation of the issues raised in the request). YES ☐ NO ☒

Type an "x" in the column that most correctly answers the question, and provide clear, concise, and complete explanations where needed.

1. Explain the goal(s) and purpose(s) of the document:

Rule 19301 explains the provision and application of the multiple activity tax credit (MATC) for extractors and manufacturers who sell their products in intrastate (in Washington) or interstate (between Washington and other states) commerce.

2. Need:

YES	NO	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the document necessary to comply with the statutes that authorize it? (E.g., Is it necessary to comply with or clarify the application of the statutes that are being implemented? Does it provide detailed information not found in the statutes?)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is the document obsolete to a degree that the information it provides is of so little value that the document warrants repeal or revision?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Have the laws changed so that the document should be revised or repealed? (If the response is "yes" that the document should be repealed, explain and identify the statutes the rule implemented, and skip to Section 10.)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the document necessary to protect or safeguard the health, welfare (budget levels necessary to provide services to the citizens of the state of Washington), or safety of Washington's citizens? (If the response is "no", the recommendation must be to repeal the document.)

Please explain.

Rule 19301 provides useful tax-reporting information that reduces the need for taxpayers or department personnel to research multiple documents to determine the appropriate internal and external tax credits available for manufacturers and extractors. The MATC eliminates the possibility of discrimination between taxpayers, and provides equal and uniform



treatment of persons engaged in extracting, manufacturing, and/or selling activities regardless of where these activities are performed.

3. Related ancillary documents, court decisions, BTA decisions, and WTDs: Complete

Subsection (a) only if reviewing a rule. Subsection (b) should be completed only if the subject of the review is an ancillary document. Excise Tax Advisories (ETAs), Property Tax Bulletins (PTBs) and Audit Directives (ADs) are considered ancillary documents.

(a)

YES	NO	
	X	Are there any ancillary documents that should be incorporated into this rule? (An Ancillary Document Review Supplement should be completed for each and submitted with this completed form.)
X		Are there any ancillary documents that should be repealed because the information is currently included in this or another rule, or the information is incorrect or not needed? (An Ancillary Document Review Supplement should be completed for each and submitted with this completed form.)
	X	Are there any Board of Tax Appeal (BTA) decisions, court decisions, or Attorney Generals Opinions (AGOs) that provide information that should be incorporated into this rule?
	X	Are there any administrative decisions (e.g., Appeals Division decisions (WTDs)) that provide information that should be incorporated into the rule?

(b)

YES	NO	
		Should this ancillary document be incorporated into a rule?
		Are there any Board of Tax Appeal (BTA) decisions, court decisions, or Attorney Generals Opinions (AGOs) that affects the information now provided in this document?
		Are there any administrative decisions (e.g., Appeals Division decisions (WTDs)) that provide information that should be incorporated into the document?

If the answer is “yes” to any of the questions in (a) or (b) above, identify the pertinent document(s) and provide a brief summary of the information that should be incorporated into the document.

- **ETA 537.04.19301 provides the effective date of the “MATC”. This date is prior to current audit period applications and is no longer relevant. This document should be repealed.**
- **ETA 543.04.19301, which provides nonexclusive lists of taxes from other jurisdictions that qualify and do not qualify for the MATC, should be retained at this time.**

4. Clarity and Effectiveness:

YES	NO	
X		Is the document written and organized in a clear and concise manner?
X		Are citations to other rules, laws, or other authority accurate? (If no, identify the incorrect citation below and provide the correct citation.)
X		Is the document providing the result(s) that it was originally designed to achieve? (E.g., does it reduce the need for taxpayers to search multiple rules or



		statutes to determine their tax-reporting responsibilities, help ensure that the tax law and/or exemptions are consistently applied?)
	X	Do changes in industry practices warrant repealing or revising this document?
	X	Do any administrative changes within the Department warrant repealing or revising this document?

Please explain.

Rule 19301 is clear, concise, and achieves the results it was originally designed to achieve. While there is no need to revise the rule at this time, the Department should consider the following when it is next revised:

- The introduction, and sections (4)(e), (6), and (7) include a great deal of reference to the effective date of 1987 which no longer affects taxpayers. This verbiage is a bit wordy and should be deleted.
- Example (c), under (6)(a), explains where to place deductions on the combined excise tax return. Such direction is not necessary in the rule itself and should be deleted.
- Example (6)(d)(i) provides a good example which renders the paragraph under (6)(d) long and redundant. This paragraph should be simplified.
- Section (8) addresses the consolidation of tax liabilities and credits. The discussion should be shortened and simplified.
- Section (9) explains record keeping requirements that are covered in RCW 82.32.050 and 82.32.070. Although this section provides a list of specific records which need to be retained, it is very wordy and should be shortened and simplified.
- Sections (10) and (12) contain information that could be eliminated and replaced with cross-references to other rules.

In addition, the department should consider addressing the MATC implications when products manufactured by an entity are used as demonstrator equipment by that entity prior to ultimate sale (13 WTD 051) the next time Rule 19301 is revised.

5. Intent and Statutory Authority:

YES	NO	
X		Does the Department have sufficient authority to adopt this document? (Cite the statutory authority in the explanation below.)
X		Is the document consistent with the legislative intent of the statutes that authorize it? (I.e., is the information provided in the document consistent with the statute(s) that it was designed to implement?) If "no", identify the specific statute and explain below. List all statutes being implemented in Section 9, below.)
	X	Is there a need to recommend legislative changes to the statutes being implemented by this document?

Please explain.

RCW 82.32.300 authorizes the Department to adopt and publish rules to explain the provisions of the Revenue Act.

6. Coordination: Agencies should consult with and coordinate with other governmental entities that have similar regulatory requirements when it is likely that coordination can reduce duplication and inconsistency.

YES	NO	
	X	Could consultation and coordination with other governmental entities and/or



		state agencies eliminate or reduce duplication and inconsistency?
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Please explain.

The Department is solely responsible for administering the business and occupation, retail sales, and use taxes in these areas.

7. Cost: When responding, consider only the costs imposed by the document being reviewed and not by the statute.

YES	NO	
	X	Have the qualitative and quantitative benefits of the document been considered in relation to its costs? (Answer "yes" only if a Cost Benefit Analysis was completed when the rule was last adopted or revised.)

Please explain.

These are interpretive rules that impose no new or additional administrative burdens on taxpayers that are not imposed by law.

8. Fairness: When responding, consider only the impacts imposed by the document being reviewed and not by the statute.

YES	NO	
X		Does the document result in equitable treatment of those required to comply with it?
	X	Should it be modified to eliminate or minimize any disproportionate impacts on the regulated community?
	X	Should the document be strengthened to provide additional protection to correct any disproportionate impact on any particular segment of the regulated community?

Please explain.

9. LISTING OF DOCUMENTS REVIEWED: (Use "bullets" with any lists, and include documents discussed above. Citations to statutes, ancillary documents, and similar documents should include titles. Citations to Attorneys General Opinions (AGOs) and court, Board of Tax Appeals (BTA), and Appeals Division (WTD) decisions should be followed by a brief description (i.e., a phrase or sentence) of the pertinent issue(s).)

Statute(s) Implemented: **To the extent the following apply to persons eligible for the multiple activities tax credit:**

- **RCW 82.04.020 – "Tax year," "taxable year";**
- **RCW 82.04.050 – "Sale at retail," "retail sale";**
- **RCW 82.04.060 – "Sales at wholesale," "wholesale sale";**
- **RCW 82.04.070 – "Gross proceeds of sales";**
- **RCW 82.04.080 – "Gross income of the business";**
- **RCW 82.04.220 – Business and occupation tax imposed;**
- **RCW 82.04.230 – Tax upon extractors;**
- **RCW 82.04.240 – Tax on manufacturers;**
- **RCW 82.04.250 – Tax on retailers;**
- **RCW 82.04.260 - Tax on buyers, wholesalers, manufacturers,...;**
- **RCW 82.04.270 – Tax on wholesalers, distributors;**



- **RCW 82.04.4284 – “Deductions – Credit losses of accrual basis taxpayers”;**
- **RCW 82.04.4286 – Nontaxable business;**
- **RCW 82.04.440 – “Persons taxable on multiple activities - Credits**
- **RCW 82.04.450 – “Value of products, how determined”;**
- **RCW 82.32.050 – “Deficient tax or penalty payments – Notice – Interest – Limitations”;**
- **RCW 82.32.070 – “Records to be preserved – Examination – Estoppel to question”;**

Ancillary Documents (i.e., ETAs, PTBs, and ADs):

- **ETA 537.04.19301 – Effective Date for Claiming MATC Credits;**
- **ETA 543.04.19301 – Eligibility of taxes for Multiple Activities Tax Credit (MATC).**

Court Decisions:

Board of Tax Appeals Decisions (BTAs):

Administrative Decisions (e.g., WTDs):

- **4WTD141 – B&O Tax – MATC – National Can;**
- **4WTD229 – B&O Tax – Multiple Activities Exemption;**
- **5WTD93 – B&O Tax – Exemption – Refund;**
- **5WTD179 – B&O Tax – Exemption Invalidation – Multiple Activities – Refunds - Retroactivity;**
- **5WTD225 – B&O Tax – Credit – Multiple Activities – Out-of-state manufacturing – In-state sales;**
- **5WTD241 – B&O Tax – Credit – Multiple Activities – National Can;**
- **6WTD55 – B&O Tax – Exemption – Multiple Activities – Invalidation – Prospective Application – Post Decision Assessments;**
- **6WTD83 – B&O Tax – Exemption – Multiple Activities – Invalidation – Refunds – Retroactivity**
- **6WTD213 – B&O Tax – Credits (MATC) – Multiple Activities – Gross Receipt Taxes – Definition – Exclusion of Income Tax – Constitutionality – Administrative Power – Taxes Due;**
- **6WTD247 – B&O Tax – Credit – (MATC) – Canadian Tax – “Sales” – Determination;**
- **6WTD255 – B&O Tax – Exemption – Multiple Activities – Invalidation – Post-Decision Assessments;**
- **6WTD349 – B&O Tax – Exemption - Multiple Activities – National Can – Refunds;**
- **6WTD357 – B&O Tax – Exemption – Multiple Activities – Invalidation – Prospective Application – Post-National Can/Tyler Pipe Assessments;**
- **7WTD79 – B&O Tax – Exemption – Multiple Activities – Unconstitutional Tax – Prospective Application – Assessments Issued but Not Collected;**
- **7WTD289 – Multiple Activities Exemption – Invalidation – Prospective Application – Post-Decision Assessments;**
- **9WTD149 – MATC – Gross Receipts Tax – Definition – Tax Separately Stated;**
- **9WTD199 – B&O Tax – Interstate Business – Commerce Clause – Test – Discrimination – Facial Discrimination – Internal Consistency – Offsetting Credits – Wholesalers – Inter- and Intrastate Manufacturers – Unequal Privileges – Legislative Intent – Apportionment – Burden of Taxation – Constitutional Law – Due Process – Two-way Credits – Validity – Retroactivity;**
- **10WTD278 – Multiple Activities Exemption – Invalidation – Tyler Pipe – Prospective Application – Two-way Credits – Interim Period – Retroactivity;**



- 11WTD177 – Landowner – Sales of Logs – B&O Tax – Extractor – Amount Subject to Tax;
- 11WTD453 – MATC – B&O Tax – Tyler Pipe – Constitutionality
- 12WTD237 – B&O Tax – MATC – Qualifying Taxes – Alaska Fisheries Business Tax;
- 12WTD315 – B&O Taxes – Invalidation – Tyler Pipe – Retroactivity;
- 12WTD355 – B&O Tax – MATC – Alaska Oil Production Tax – Gross Receipts Tax
- 12WTD365 – B&O Tax – MATC – Alaska Oil Production Tax – Gross Receipts Tax;
- 13WTD1 – B&O Taxes – Tyler Pipe – Relief Available – National Can II;
- 13WTD18 – B&O Tax – Manufacturing and Selling in Washington – MATC;
- 13WTD51 – MATC – Demonstrators – Intervening Use Between Manufacture and Sale; and
- 15WTD1 – Multiple Activities – MATC – Extracting – Wholesaling.

Attorney General's Opinions (AGOs):

Other Documents (e.g., special notices or Tax Topic articles, statutes or regulations administered by other agencies or government entities, statutes, rules, or other documents that were reviewed but were not specifically relevant to the subject matter of the document being reviewed):

Tax Topics:

86-Q2 – Can Corp Case;

87-Q2 – National Can Case;

88-Q1 – MATC – Questions and Answers;

88Q3 – MATC – New Rule On, 08-12-87;

95-Q1 – MATC – Schedule – Example Of

10. Review Recommendation:

_____ Amend

_____ Repeal

_____ ☒ Leave as is

_____ Begin the rule-making process for possible revision. (Applies only when the

Department has received a petition to revise a rule.)

_____ Incorporate ancillary document into a new or existing rule. (Subject of this review must be an ancillary document and not a rule.)

Explanation of recommendation: (If recommending an amendment of an existing rule, provide only a brief summary of the changes you've identified/recommended earlier in this review document.)

WAC 458-19301 should be retained in its current form at this time.

11. Manager action: Date: _____

_____ Reviewed recommendation _____ Accepted recommendation

_____ Returned for further action



Comments: